
**Community & Economic
Development & Trade Committee**

HB 2527

Brief Description: Modifying the definitions of rural county for certain economic development programs.

Sponsors: Representatives Bailey, Kenney and Kretz.

Brief Summary of Bill

- Expands the definition of "rural county" under the Community Economic Revitalization Board program and, by reference, the Associate Development Organization program.

Hearing Date: 1/23/08

Staff: Meg Van Schoorl (786-7105).

Background:

Community Economic Revitalization Board program

The Community Economic Revitalization Board program provides local governments low-interest loans and, from time to time, grants, to help finance public facility projects needed for private sector expansion and job creation. Assistance in the traditional CERB program is primarily targeted to rural communities. Counties, cities, towns, port districts, federally recognized Indian tribes, special purpose districts, municipal corporation and quasi-municipal corporations with economic development purposes are eligible to apply. CERB financing can be used for public facilities including, but not limited to, bridges, roads, domestic and industrial water, sanitary and storm sewers, and railroad spurs. In recent years, the Legislature has also given CERB responsibility for implementing the Job Development Fund and Local Infrastructure Financing Tool programs.

Associate Development Organization Program

Associate development organizations (ADOs) were created in 1985 as local public-private partnerships that would complement state economic development service delivery efforts under a cooperative model called "Team Washington". Designated by counties, associate development

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

organizations are statutorily required to be broadly representative of community and economic interests, including local governments, chambers of commerce, workforce development councils, port districts, labor groups, higher education institutions and other relevant groups. By statute, ADOs provide direct assistance to companies who need support to stay in business, expand, or relocate to Washington. They also support regional economic research and planning efforts to implement strategies that support increased living standards and foreign direct investment in the state.

For fiscal year 2008, the DCTED holds contracts with 34 ADOs serving 39 counties. 2SSB 5092, enacted in 2007, substantially changed the contracting process, scope of work, and accountability required of DCTED and each associate development organization. In addition, 2SSB 5092 established a new formula dependent upon population density for determining the level of pass-through funding provided under contract to each rural and urban associate development organization. Rural counties are defined as those with fewer than 100 people per square mile. Urban counties are defined as those with more than 100 people per square mile.

Under the new formula, rural counties receive a base annual allocation of \$40,000 plus an additional allocation of up to \$0.90/capita. Urban counties receive an annual allocation of up to \$0.90 per capita, capped at \$300,000. The per capita allocation must be matched locally dollar for dollar. The "up to" language enables the per capita allocation to fit within appropriation limits. Based upon the 2007-09 operating budget appropriation of five million dollars, DCTED has determined the per capita allocation to be \$0.555.

Definition of "rural county"

The legal definition of "rural county" differs by statute. Under the CERB (Chapter 43.160 RCW) and the Rural Washington Loan Fund (Chapter 43.168 RCW) statutes, a rural county has a population density of fewer than one hundred persons per square mile. The ADO statute (Chapter 43.330.086 RCW) refers to the CERB definition. For 2007-08, the density definition yields 31 "rural counties" and eight "urban counties". Under statutes for the .09 Public Facilities Sales and Use Tax (Chapter 82.14.370 RCW) and the Washington Economic Development Finance Authority (Chapter 43.163.090 RCW), a rural county has a population density of less than one hundred persons per square mile or is smaller than two hundred twenty-five square miles.. Business and occupation taxes for programming or manufacturing software (Chapter 82.04.4483 RCW) and for information technology help desk services to third parties (Chapter 82.04.4484 RCW) also refer to the .09 statute. For 2007-08, using this dual option "rural county" definition shifts one county (Island) from the urban to the rural column.

Summary of Bill:

Under the CERB program, a "rural county" is defined as either a county with a population density of less than 100 persons per square mile or a county smaller than 225 square miles as determined by the Office of Financial Management and published each year by DCTED for the period July 1 - June 30. The definition of "rural county" under the ADO program is modified by reference.

Appropriation: None.

Fiscal Note: Requested on January 16, 2008.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.